

Bill

# WAIS Inc

Wide Area Information Servers

February 28, 1994

Members of the Board,

Thank you for coming. Since the last meeting, we have closed a good quarter on December 31 with \$310k revenues leaving us with \$71k in the bank. This was approximately as projected. January and February have been below projection, but almost exactly what we have spent-- a distressing trend that we hope to change based on hiring a new salesperson.

We hired 3 people in the last quarter bringing us to 10 full time people: an engineer in product development, an engineer on information services, and a salesperson. Some people are showing some tiredness, but in general moral is high.

We are concentrating on developing our information services, adding to our product development, and keeping contracting stable.

I would like to ask for help in three areas:

- company strategy refinement, *discovery*
- staffing priorities, and
- business policies for information services. →

As background, I have included:

- Revenues and Projections broken down by business unit
- WAIS Inc plans for Products and Contracts
- Staffing plan

Agenda:

- 9-12 Discuss where we stand and products and contracts strategy
- 12-1 Lunch with WAIS Inc staff (take-out)
- 1-3 Information Services Business Strategy
- 3-3:30 Wrap up

Sincerely yours,



Brewster Kahle

Board members in attendance: John Duhring, Bill Dunn, Brewster Kahle

# WAIS Inc Plans

Company Confidential  
Presented to the Board Feb. 28 1994

WAIS Inc sells tools and services for network publishers. Network publishers are traditional publishers, government, libraries, and distributed corporations that want to make textual and image information available over networks.

To achieve these goals we pursue contract work, sell products, and will start to run a network publishing operation ourselves.

Overall business plan:

- 1993 Contract work, build the product
- 1994 Sell the product, build information services, continue contracts
- 1995 Sell products, scale up info services, scale back contracts
- 1996 Info services dominant, still selling products, high profile contracts

## WAIS Inc Contract Work Plans for Fiscal 1994 (July 93-Jun 94)

Contract work is pre-paid work for customers. This business has been the majority of our business and very profitable. Our three big contracts came through: all for building information services. We have one person full time on contract fulfillment (Kevin Oliveau) and one person half time (Dan Aronson) and contract sales is a decreasing part of Brewster's time.

If we do not actively push this area, we will probably lose it. Strategy decisions:

- Recruit a sales person?
- Put more fulfillment resources on contracts? → *tech + prog support*
- Recruit a manager for this area?

Our strategy is to work with customers in contract mode to fund development of our products which we can then sell. We will continue this approach until another source of revenue give us the latitude. We have varied off of this approach at times.

During this calendar year we plan to work with government and publishers to set up publishing systems. Shifting to working with other integrators will happen in this time.

Company structure to support this activity is Brewster Kahle on sales, and Kevin Oliveau plus other engineers as needed. We would like to shift towards a different sales and management structure as we grow this line of business.

*J. Doherty*

Ask Gordy:

How does DS sell <sup>to</sup> Notes customers?

Our selling structure on this has been to write lots of proposals. Getting better at this for government and non-government customers is essential. We are missing opportunities in this area by our proposal writing volume. We are starting to move from \$25k-\$50k proposals to \$100k-200k proposals.

Goals for the end of the year: Have a contracting selling and fulfillment structure built. Understand government contracting process.

Q4 93-Q1 94: <sup>\$200k</sup> Open Source, <sup>\$270k</sup> DTIC and DowJones will be our major accounts for building information services. DowJones' service will be based in Menlo Park, DTIC based in DC and Open Source is both Menlo Park and DC.

Other contract work may include:

Gateway software from the Internet to dialup networks (such as *eWorld*, Applelink).

Client development such as OS/2 version. *(Interchange, Delphi, Global Village)*

Porting server software.

*Lotus Notes?*

### WAIS Inc Product Plans for Fiscal 1994 (July 93-Jun 94)

Product sales are "on-the-pricelist" sales. These are often part of contracts so the sales of our products often resemble contract sales. Most of our product sales have come from people who have used the freeware for a long time.

We stand to fall behind this area if we do not invest more in product development. Strategy decisions:

- License our protocol library? *Pro/Con*
  - Reorganize our server product to allow independent development? *outside development*
  - Better marketing and OEM sales efforts? *Buy too*
  - Recruit an Engineering manager? *E*
- Law Tucker → Cornell*
- ER*

Our pricing of our products is very low to try to get volume. We, only now have a sales force, so our success here is limited. OEM sales where our product is bundled or pieces modified and sold are an increasing part of our sales. The sales cycle is long-- we have not gotten precise numbers but it is over a year since they start using WAIS, and 6-9 months after they start to consider buying the commercial software.

This year's strategy is to add a marketing person to this line of business and continue to upgrade our server product line while adding new components to the product line.

The company structure for supporting this work is very flat-- An engineering plus marketing meeting helps form the basis of the products we will pursue, and

then individual project leaders help define the product features and schedules. Sales of these products is shared by Gary Fette and John Duhring.

Goals for the end of the year: Have the finest commercial search engine product on the market. Gateway to many popular networks. Understand the sales cycle and process.

Calendar Q1 '94: WAIS Forwarder for Unix new product shipped early Q1 '94 with information posted on the network. So far the response to the product has been underwhelming at best.

Calendar Q3 '94: WAIS Server version 2.0 incorporating new features. This release will allow integration of external databases with WAIS indexing. Furthermore, this release will facilitate browsing.

WAIS Inc Information Service Plans for Fiscal 1994 (July 93-Jun 94):  
(From 9-7-93 meeting without changes)

WAIS Inc's Information Services are Internet WAIS servers maintained at WAIS Inc. We see this as our long term future along with helping other publishers run our systems inside their companies. We are looking for royalty and publishing revenues.

We are looking to run services they are paid for in a few different ways:

- We are paid up-front to make information available for free (EPA)
- We are a service bureau for a publisher and they own the customer

(Dow Jones)

- We publish the information and pay royalties to the information owner (none yet)

- We publish some information for free (directory of servers, weather, etc.)

Our rough business model has been:

	They own customer	We own customer
They serve the info	10% or flat fee	? gateways?
We serve the info	20% (royalty)	50% (publishing)

Goals for this year: WAIS is provides quality Internet based information services and is easy to work with.

Calendar Q4 '93: Introduce first WAIS Inc Internet services for free. These are meant to establish WAIS Inc in the freeware community. These services might include: Directory of Servers support, Image browsing, weather maps, netnews archives.

Calendar Q1 '94: Beta test for pay WAIS Inc information services. These services are systems such as Dow Jones, newswires, government information where we will start to bill users for access.

Announcement of WAIS Inc information services. This is another open-house and press meeting.

Calendar Q2 '94: Expand WAIS Inc information services. These will include a number of publisher deals to offer their information from the WAIS Inc offices.

Board of advisors

Sat afternoon meetings

## WAIS Inc Staffing Plans for FY 1994 (July 93-June 94)

Company Confidential  
Presented to the board February 28, 1994

<u>End of</u>	<u>Total: Staff, Full time Consultants</u>	
Q1 93:	4: 2, 2	(Kahle, Morris; Bassetti, Undercoffler)
Q2 93:	3: 2, 1	(Kahle, Morris; Bassetti)
Q3 93:	4: 3, 1	(Brooks, Kahle, Morris; Duhring)
Q4 93:	6: 4, 2	(Brooks, Kahle, Morris, Oliveau; Duhring, St Pierre)
Q1 94:	6: 4, 2	(Cheney, Kahle, Morris, Oliveau; Duhring, St Pierre)
Q2 94:	9	(added Support, Engineer, Sales)
Q3 94:	10	(add engineer)
Q4 94:	12	(add management/sales, technical marketing)

### Questions:

- What is our policy towards hiring consultants? We are starting to contract to very expensive people compared to our salaried staff.
- Should we recruit for the board? What targets?
- Should we add more people in Q4 94?

### Recommendations:

Build a hiring process to avoid pitfalls: Hiring too much from TMC, friends, etc. So far this is in Brewster Kahle's court.

### Job Descriptions for new hires.

We are looking for great people as they appear, but we should keep in mind who we are looking for in general. Any time someone within WAIS Inc wants to move job positions to fill a new post, this should be given a priority.

### Q3 93 Job Descriptions (rough):

Engineer: Working on customer projects, customers support, some core programming.

Sales/management: Person to organize sales activity and initiate sales activity across our different businesses. Must be hands on and handling some of the sales traffic.



People we know that might be interested in working at WAIS Inc: (rough start)

Lew Tucker, Engineering Management

Ottavia Bassetti, Marketing

Robert Kahle, Sales

Gary Rancourt, Sales/marketing/management

Some field resumes

Possible board members:

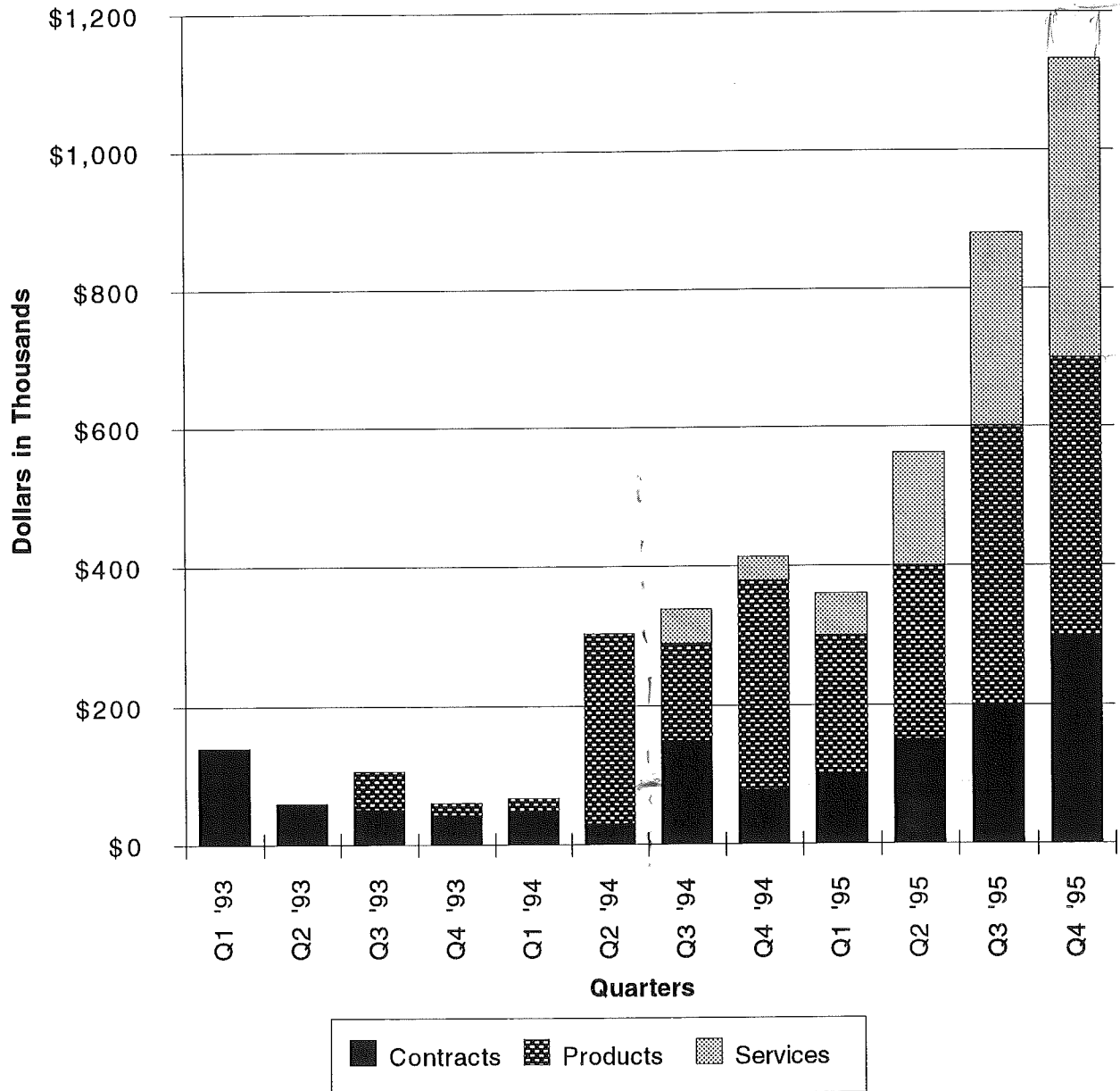
We do not really have a board strategy so we are not ready to build the board, but people that might be interested:

Gary Hromadko

Jim Pelkey

Danny Hillis

### Revenue By Fiscal Quarter



# WAIS Inc. Cash Flow Projections

February 28, 1994

Company Confidential

	1993 Total	1994 Total	Jul-93	Aug-93	Sep-93	Oct-93	Nov-93	Dec-93	Jan-94	Feb-94	Mar-94	Apr-94	May-94	Jun-94	Rest of 94	1995	1996
<b>Receivables</b>																	
Total Contract	292,000	416,015	0	0	19,500	0	25,000	4,500	0	57,785	91,445	15,000	42,785	20,000	140,000	33,785	
Total Products	65,000	431,050	7,000	14,750	35,000	74,300	115,000	90,000	30,000	15,000	77,500	0	0	0	0	0	
Total Services	0	85,000	0	0	0	0	0	0	50,000	0	0	25,000	5,000	5,000	0	0	
Total 100%	357,000	932,065	7,000	14,750	54,500	74,300	140,000	94,500	80,000	72,785	168,945	40,000	47,785	25,000	140,000	33,785	
<b>Projected Receivables:</b>																	
Total Contract	292,000	294,000	0	0	19,500	0	25,000	4,500	0	25,000	25,000	15,000	20,000	20,000	140,000	750,000	1,500,000
Total Products	65,000	806,080	7,000	14,750	35,000	74,300	115,000	90,000	30	85,000	85,000	100,000	100,000	100,000	0	1,250,000	3,000,000
Total Services	0	5,050	0	0	0	0	0	0	50			5,000			0	1,000,000	5,500,000
Total Revenue	357,000	1,105,130	7,000	14,750	54,500	74,300	140,000	94,500	80,000	110,000	110,000	120,000	120,000	120,000	140,000	3,000,000	10,000,000
<b>Investment-bk</b>																	
Total	4,211	44,500	20,000	4,500	20,000	0	0	0	0	0	0	0	0	0	0		
<b>EXPENSES</b>																	
G & A (total)	4,592	23,346	2,289	394	5,651	714	777	1,388	1,134	3,000	2,000	2,000	2,000	2,000			
Rent	15,310	36,520		4,000	3,000	3,000	3,000	3,000	3,300	3,300	3,480	3,480	3,480	3,480			
Equip&Supply	82,460	78,862	994	1,509	2,379	12,450	19,161	12,849	7,295	3,725	3,500	5,000	5,000	5,000			
Accounting	5,000	10,330	500	500	1,400	3,460	0	0	870	2,000	400	400	400	400			
Taxes	20,103	101,809	1,240	1,779	3,236	3,422	688	1,037	3,907	14,500	16,500	18,500	18,500	18,500			
Legal	20,787	12,902	1,268	1,268	878	1,083	0	995	910	500	1,500	1,500	1,500	1,500			
Mktg &Ad	7,344	3,757	0	0	0	170	0	0	1,087	500	500	500	500	500			
Phones/Netwrk	17,391	42,510	1,532	1,532	2,649	814	4,310	7,811	3,862	4,000	4,000	4,000	4,000	4,000			
Travel	39,762	35,697			2,202	6,101	5,021	3,723	1,150	3,500	3,500	3,500	3,500	3,500			
Salaries	237,789	400,215	0	14,895	30,232	22,124	29,152	97,173	36,424	39,583	29,883	33,583	33,583	33,583			
Employee Ben.	0	15,300	0	0	0	306	0	1,100	1,111	2,783	2,500	2,500	2,500	2,500			
Total	450,538	761,248	7,823	25,877	51,627	53,644	62,109	129,075	61,050	77,391	67,763	74,963	74,963	74,963			
<b>Run 100%</b>																	
Run 100%	-89,327	215,317	19,177	12,550	35,423	56,079	103,970	74,395	93,345	88,739	189,921	154,958	127,780	77,817	217,817		
Run Total	-89,327	388,382	19,177	12,550	35,423	56,079	126,970	92,395	111,345	143,954	186,191	231,228	276,265	321,302	461,302		
<b>Employees</b>																	
Engineers			3	3	3	3	3	4	5	4	5	5	6	6			
Mgmt/Sales			2	2	2	2	2	2	2	3	3	3	3	3			
Support			1	1	1	2	2	2	2	2	2	2	2	2			
Total			6	6	6	7	7	7	9	9	10	10	11	11			

# WAIS Inc. DowVision 1994 Pro Forma Cash Flow

February 28, 1994

Company Confidential

## REVENUES

	Jan-94	Feb-94	Mar-94	Apr-94	May-94	Jun-94	Jul-94	Aug-94	Sep-94	Oct-94	Nov-94	Dec-94	Jan-95	Feb-95	Mar-95	Apr-95	May-95	Jun-95	TOTAL
Development funds	\$50,000			\$25,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000										\$100,000
Individual subscriptions							500	1000	2000	3000	4000	5000	5000	6000	7000	8000	9000	10000	
Revenue @ 20% of \$30							\$3,000	\$6,000	\$12,000	\$18,000	\$24,000	\$30,000	\$30,000	\$36,000	\$42,000	\$48,000	\$54,000	\$60,000	\$363,000
Sites							10	20	30	50	75	100	120	140	170	200	225	250	1,390
Revenue @ 20% of \$2,000							\$4,000	\$8,000	\$12,000	\$20,000	\$30,000	\$40,000	\$48,000	\$56,000	\$68,000	\$80,000	\$90,000	\$100,000	\$556,000
Total	\$50,000	\$0	\$0	\$25,000	\$5,000	\$5,000	\$12,000	\$19,000	\$29,000	\$38,000	\$54,000	\$70,000	\$78,000	\$92,000	\$110,000	\$128,000	\$144,000	\$160,000	\$1,019,000

## EXPENSES

	Jan-94	Feb-94	Mar-94	Apr-94	May-94	Jun-94	Jul-94	Aug-94	Sep-94	Oct-94	Nov-94	Dec-94
Machine Room	7,000	500	500	500	500	500	1000	15000	1000	1000	1000	1000
Product Development	8000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000	7000
Marketing Expenses	7,500					10,000						
Sys Admin Expense			1,500	1,500	1,500	1,500	1500	1500	1500	1500	1500	1500
Travel	2,500			2,000		2,000						2000
Customer Support					1,500	1,500	1500	1500	1500	1500	1500	1500
Management	5,000	5,000	5,000	5,000	5,000	5,000	5000	5000	5000	5000	5000	5000
Advertising							5000	5000	5000	5000	5000	5000
Total Expenses	30,000	12,500	14,000	16,000	15,500	27,500	21,000	35,000	21,000	21,000	21,000	23,000
Monthly Profit (Loss)	20,000	-12,500	-14,000	9,000	-10,500	-22,500	-9,000	-16,000	8,000	17,000	33,000	47,000
Accum Profit (Loss)	20,000	7,500	-6,500	2,500	-8,000	-30,500	-39,500	-55,500	-47,500	-30,500	2,500	49,500

switach @ cisco

Open Source

Dialog

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Time

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